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RUEHPW/AMCONSUL PESHAWAR PRIORITY 6924
RUEAIIA/CIA WASHINGTON DC PRIORITY
RUEHRC/DEPT OF AGRICULTURE WASHINGTON DC PRIORITY
RUCPDO/DEPT OF COMMERCE WASHINGTON DC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHINGTON DC PRIORITY
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RUEKJCS/JOINT STAFF WASHINGTON DC PRIORITY
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TAGS: [EFIN](#) [EAID](#) [PHUM](#) [PREF](#) [PTER](#) [PK](#)

SUBJECT: PAKISTAN REQUESTS TOKYO PLEDGE FOLLOW UP, BUDGET
SUPPORT

REF: A. ISLAMABAD 2292
[1](#)B. ISLAMABAD 2139

[1](#)1. (SBU) In a September 16 letter to the Ambassador, Economic Affairs Division Secretary Farrakh Qayyum thanked the USG for committing \$174 million in budget support in FY09 and requested an additional \$500 million in budget support for FY10 (text in para 3). Qayyum's letter was a follow up to Finance Minister Shaukat Tarin's September 3 request that the USG provide \$650 million in cash transfers for budget support (ref B). Tarin explained that the GOP had budgeted over \$2 billion from the Tokyo Pledges into the budget, and that other donors would provide roughly \$1.35 billion in cash transfers for budget support and GOP social safety net programs. At the September 3 meeting, the Ambassador said the USG intended to provide \$174 million in budget support, pending congressional approval, but did not commit to further cash transfers.

[1](#)2. (SBU) Comment: The \$174 million cash transfer is still waiting on Congressional concurrence. The funds would come from the FY09 Emergency Supplemental Appropriations Plan, which includes \$85 million for the Benazir Income Support Program, \$45 million for the Higher Education Commission, and \$44 million for IDP Income Support. We understand that State and USAID have briefed congressional staff on the cash transfer process and explained audit and terrorist finance controls. If we can get this budget support obligated in FY09, and it proves we can effectively program funds to specific line items, track our contributions, and have a measurable social and economic impact, then the groundwork will be laid for future cash transfers. End Comment.

[1](#)3. (U) Begin Text:

Subject: Follow-up of the Tokyo Donors Conference Meeting

Excellency,

I am writing in regard to the meeting of the Finance Minister on the subject of 3 September 2009.

As reiterated by the Finance Minister, Tokyo Donors Conference focused on budgetary support for Health, Education

and Poverty Alleviation projects and programs. Keeping in view the Tokyo pledge figure of \$5.7 billion, an amount of \$2.3 billion has been accounted for in the Budget 2009-10 from the pledged amount. As stated by the Minister, most of the donors are now indicating other modes for disbursement of their pledges which we believe is not keeping with the purpose of the Tokyo Donors Conference.

The Government of Pakistan highly appreciates U.S. Government's commitment of \$174 million as budgetary support for US FY 2009.

However, keeping in view the aforesaid fiscal constraints GOP desires U.S. Government to further its support and earmark the amount of \$500 million well before 30 June 2010 as budgetary support to Pakistan either through Benazir Income Support Program or picking up subsidy for the poorest in the electricity bills.

Economic Affairs Division avails itself of the opportunity to renew to the esteemed U.S. Embassy the assurance of its highest consideration. An early response will be highly appreciated.

With Best Regards, Sincerely, Farrakh Qayyum.

End Text.
PATTERSON